

Kathleen Grillo
Senior Vice President
Federal Regulatory Affairs



1300 I Street, NW, Suite 400 West
Washington, DC 20005

Phone 202 515-2533
Fax 202 336-7858
kathleen.m.grillo@verizon.com

September 8, 2009

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; IP Enabled Services, WC Docket 04-36; In the Matter of Universal Service Contribution Methodology, WC Docket No. 06-122; and A National Broadband Plan for our Future; GN Docket No. 09-51

Dear Ms. Dortch:

On September 3, 2009, Tom Tauke, Kathleen Grillo, and Mike Glover of Verizon met with Blair Levin and Julie Veach to discuss the Commission's National Broadband Plan proceeding.

Verizon urged the Commission to include reform of the intercarrier compensation and universal service systems in the development of the plan. Both of these regimes are increasingly untenable in their current form, and fundamental reform is critical to remove regulatory obstacles to the next-generation technologies that consumers demand. New world technologies and products continue to eat away at wireline carriers' access revenues and the lines that produce them, while today's complicated system and ambiguous rules continue to generate a variety of uneconomic arbitrage schemes and even fraud. Verizon stated that the Commission should fundamentally reform its existing regime, which will provide carriers and consumers alike with the regulatory certainty that will allow carriers to move forward and invest in the broadband networks of tomorrow.

Verizon also noted that the current universal service system must be reformed. First, the current revenues-based contribution methodology was designed for a world where phone companies offered customers separate local and long distance services – not the “all distance” bundles offered by a variety of providers today. Under today's revenue-based system, companies that use different technologies to compete for the same customers pay into the fund in different ways, skewing the competitive landscape. Revenues-based contributions also require

increasingly unworkable distinctions between interstate and intrastate services and between telecommunications and information services. Second, the Commission needs to reform the distribution side of universal service. The current universal service high cost distribution system is unsustainable. It is designed to support a one-network, wireline world that no longer exists. Consistent with its previous filings, Verizon stated that it supports a competitive bidding system for wireless CETCs.

Verizon also urged the Commission in the National Broadband Plan to confirm the Commission's exclusive federal authority over broadband and VoIP and IP-enabled services, regardless of provider or technology. These new platforms and services are being deployed across broad geographic areas to obtain the efficiencies of using common systems, processes and platforms. Redesigning and reengineering these platforms and services to conform to a patchwork of differing state rules and requirements would eliminate these efficiencies, increase cost and complexity, and undermine widespread deployment and adoption. In contrast, a uniform federal regime will facilitate competition and consumer choice, spur technological innovation and the deployment of broadband infrastructure, and promote the use of broadband services and the Internet.

Please contact me directly if you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kathleen Gill". The signature is fluid and cursive, with the first name "Kathleen" written in a larger, more prominent script than the last name "Gill".

cc: Blair Levin
Julie Veach